

# CITY OF LODI

## COUNCIL COMMUNICATION

AGENDA TITLE: Agreement for Facilities Sale and Transition Charge Recovery

MEETING DATE: January 7, 1998

SUBMITTED BY: Electric Utility Director

**RECOMMENDED ACTION:** That the City Council authorize the City Manager to sign the attached Agreement for Facilities Sale and Transition Charge Recovery (Agreement).

**BACKGROUND:** As a result of development of a new residential subdivision along Turner Road, the developer needs to have the PG&E overhead distribution line bordering the subdivision undergrounded or removed. When the parcel of land was originally annexed, the residence on the Wine and Roses property which abuts the development was not changed to City electric service thereby leaving the line in use. Subsequently, the existing residential customer has expressed a desire to change to City electric service.

With the assistance of the City Attorney and PG&E's attorneys, all parties have been able to negotiate the proposed Agreement after several months of unified effort. The Agreement meets all the parties' needs and the requirements of AB1890 (Electric Industry Restructuring). It should be emphasized that the Agreement is a unique negotiated settlement and is not to be considered precedent-setting.

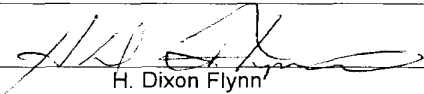
The Agreement addresses the sale of the PG&E line to the City so the City may remove the line and the payment of transition charges and nonbypassable cost obligations. Sale of the above PG&E facilities is subject to California Public Utilities Commission approval.

The Electric Utility Department recommends that the City Advance funds to pay PG&E \$11,269.00 for the associated PG&E facilities and the existing residential customer's \$3,700.00 statutory PG&E transition charges and nonbypassable cost obligations. By separate agreement, the developer will reimburse the City for approximately one-half the cost of the PG&E facilities.

The Agreement will clear the entire parcel for electric service by the City, thereby avoiding all future right to serve questions, and will allow the City to remove the unused facilities and provide underground service as in other new residential developments.

**FUNDING:** 16.0 Electric Utility Fund Reserve

APPROVED

  
H. Dixon Flynn  
CITY MANAGER

Agreement for Facilities Sale and Transition Charge Recovery  
Electric Utility Department  
Date of Meeting: January 7, 1998

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Alan N. Vallow  
Electric Utility Director

Funding Approval:

  
Vicky McAthie, Finance Director

Prepared by: John Stone, Manager, Business Planning and Marketing

ANV/JS/kaf

c: City Attorney

AGREEMENT FOR FACILITIES SALE  
AND TRANSITION CHARGE RECOVERY

1.) An existing PG&E electric service customer located at 2505 West Turner Road, (Account No. PXT42 10002) in the City of Lodi (City) has expressed a desire to change to the City's electric service. The City desires to provide electric service to this customer. This customer is currently served by the following PG&E facilities which City wishes to acquire:

A section of overhead 12 kV electric distribution line located on West Turner Road between Lower Sacramento Road and the Woodbridge Irrigation District Canal, consisting of 12 poles and associated equipment, approximately 7,500 ft. of #6 copper conductor, one 15 kVA 12kV-120/240U transformer, and various cut-outs and insulators.

2.) PG&E has supplied the City with the estimated net present value (NPV) of transition charges and nonbypassable costs payable by the customer under Section 367 *et. seq.* of the California Public Utilities Code (enacted as part of AB 1890 on September 24, 1996). That NPV is \$3,700.

3.) PG&E has also supplied the City with a purchase price for the described distribution facilities made up of the facilities' replacement cost new depreciated (5% present worth depreciation) (\$10,245) and a ten (10) percent going concern factor (\$1,024). The total purchase price is \$11,269. The City possesses the power of eminent domain and would seek to exercise that power with respect to these facilities absent this agreement.

4.) City hereby agrees to pay and PG&E hereby agrees to accept said NPV sum of \$3,700.00 as payment in full of all the customer's statutory transition charge and nonbypassable cost obligations. City also agrees to pay and PG&E hereby agrees to accept the sum of \$11,269.00 as the purchase price for all right, title and interest in the described facilities.

5.) Time is of the essence. City may take possession of these facilities immediately upon payment of the above NPV and purchase price sums.

6.) PG&E's sale of these facilities is subject to California Public Utilities Commission approval under Cal. Pub. Util. Code Section 851; City and PG&E will cooperate in securing that approval. Should the CPUC not approve the sale of facilities, PG&E will be compensated for the City's acquisition of these facilities through the eminent domain process.

7.) City and PG&E are agreed that this agreement is a settlement of differences and is of no evidentiary or precedential value.

Accepted and agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 1997:

CITY OF LODI, a municipal corporation

PACIFIC GAS AND ELECTRIC COMPANY

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: H. DIXON FLYNN

Name: \_\_\_\_\_

Title: City Manager

Title: \_\_\_\_\_

Attest:

\_\_\_\_\_  
ALICE M. REIMCHE  
City Clerk

Approved as to Form:

*Randall A. Hays*  
RANDALL A. HAYS  
City Attorney